



Engro Corporation Limited
Communication on Progress (COP)
2018



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November 19, 2019

H.E. António Guterres
Secretary General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary General,

Engro Corporation Limited has been a dedicated supporter and champion of the United Nations Global Compact (UNGC) principles, which encompass human rights, labor, environment and anti-corruption. We continuously strive to integrate these principles in our business operations and the overarching strategic growth plan with the broader development goals of United Nations, including the Sustainable Development Goals as well as the UNGC Principles.

As one of Pakistan's largest conglomerates, we are cognizant of our responsibility to play a vital role, not only in uplifting Pakistan's economy, but also in advancing the wider society through inclusive business practices and strategic community investments.

The year 2018 was one in which considerable time of the management and Board of Directors was spent on charting out Engro's future. The Board approved "The Central Idea" of the corporation articulates the purpose of the organization through various decision-making frameworks that will enable us to realize our purpose. At Engro, we consider it our individual and institutional responsibility to address the pressing issues of economy and human development in Pakistan, by creating commercially viable businesses.

We strongly support public accountability and our annual Integrated Report is a testament to our commitment to reporting in accordance with the requirements of the UNGC. With this Communication on Progress (COP), we reiterate our intent to continue upholding the UNGC Principles.

Kind regards,

A handwritten signature in blue ink, appearing to read "Ghias Khan", is written over a light blue horizontal line.

Ghias Khan
President & CEO



UNITED NATIONS GLOBAL COMPACT PRINCIPLES

1- Human Rights

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	

Engro seeks to ensure that we safeguard human rights across our diverse business operations, and make our work environment safe, inclusive, and diverse. Our workforce benefits directly from flexible hours, mandatory local and international trainings, maternity and paternity leave, among other benefits.

Moreover, all Engro subsidiaries, based on their specific work environments, are certified with OHSAS 18001:2007 Occupational Health and Safety standard. A selection of Engro Corporation subsidiaries depending on their operating environment are also certified with DuPont Occupational Health and Industrial Hygiene (OHIH), Process Safety and Risk Management (PSRM) and Personal Safety Management (PSM). It is important to note here that we are also one of the few corporates in Pakistan to achieve British Safety Standards 4 star rating.

At Engro, we are proud to continue our inclusive culture by providing opportunities to people with disabilities and creating a welcoming environment for them by developing physical infrastructure, devising a recruitment policy for the disabled, and also building equal opportunity awareness within the very fabric of our human resource strategy.

We do not discriminate on the basis of race, culture, ethnicity, religion, gender, or place of residence, and adhere strictly to the principles of merit. By upholding ourselves to these ideals and principles, we continue to attract, develop, and retain some of the best human resource of the country, and many people from abroad.



2- Labor

Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	
Principle 4	Businesses should work towards the elimination of all forms of child labor.	
Principle 5	Businesses should ensure effective abolition of child labor.	
Principle 6	Businesses should uphold elimination of discrimination in respect of employment and occupation.	

The development of our people is our highest priority. At Engro, we endeavour to institutionalise learning in an enabling environment where talent is identified and nurtured, as this will contribute to the Company's ambition to be globally competitive.

At Engro, there exists an unceasing commitment to follow the guidelines of our 'Talent Management Strategy 2014'. A strategy that defines our direction towards developing and propagating an enabling organizational culture that improves diversity and inclusion, employee engagement, our leadership pipeline, inculcates loyalty and instils a sense of pride within our employees.

Year after year, we strive to invest in world class safety systems and have integrated a proactive safe working culture throughout our operating environment. Recognizing that our people make all the difference, we strive to consistently attract, hire, and retain high-quality talent so that, together, we can combine our strengths and skills to build a successful partnership to help sustain our competitive edge. In this vein, we set up the Engro Leadership Academy in 2018 with the vision to develop effective leaders who are well-equipped to transform and steer Engro's businesses and deliver on our promise of solving some of Pakistan's most pressing issues.

Our progressive attitude towards union activity stems from our understanding of the fact that companies best serve their interests by working with unions rather than against them. A healthy relationship with unions can result in a balance of accountability between the management and employees' interests. Unionisation also connects well with our aim of inclusiveness, with employee interest being represented at every level of decision-making in the organisation.

In addition, we also remain committed to curtailing the implementation of child labor or compulsory labor across any of our business subsidiaries. This strategy has yielded considerable success over the years, and we have emerged as a Top Employer in the country. We adhere to the strictest principles of merit in recruitment, compensation, and promotion to ensure that all employees feel fairly treated and compensated. We also aim to provide recognition for superior



effort through an awards program that seeks to retain the best of our talent by providing them with leadership opportunities.

That Engro has been able to consistently come ahead of top multinational conglomerates for the title further serves to cement Engro’s reputation as a globally competitive organization that seeks to uphold the highest standards in labor practices and rights. Additional details may be viewed in the **Human Capital** section of our [Integrated Report 2018](#).

3- Environment

Principle 7	Businesses should support precautionary approach to environmental challenges.	
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	

Engro has been a torch bearer in valuing its operating environment from mere reactive compliance to proactive environmental stewardship. Over the years, we have evolved to preserving the environment we operate in as an active part of our organizational culture. Our commitment towards ensuring our natural capital objectives drives and thrives from the top most tier of governance and management and translates to the respective subsidiaries.

It is pertinent to mention here that standardization for us is the key to our success in this respect. All our businesses are certified in environmental management systems EMS 14001, we also maintain a rigorous internal audit regime with a prime focus of continuous learning and improvement from behavioural as well as technical interfaces.

We are proud of the fact that the company’s policies with respect to environmental sustainability have yielded outstanding results. As one of the largest conglomerates in the country, our environmental footprint is highly complex and, therefore, requires a multifaceted strategy to confront the challenge of an environmentally sustainable business model.

At Engro, we have a three-layered approach to our strategy towards valuing our natural capital, at the core is our operations. We at Engro have a firm belief that responsible operations will always result in sustained and improved environmental outcomes. Keeping in view of the multitude of challenges that we face due to our operations predominantly in the Fertilizers, Chemicals, Energy and Agricultural businesses.

We always reflect upon the intended environmental impacts and risks associated to the external and internal environment. We also take great care that we monitor and reduce our negative impacts and bring sustained improvement in our positive impacts with an active commitment and governance structure at each tier of management, this includes a structured approach on adherence to all local laws and applicable standards, classification and regular appraisal of our



environmental foot prints, and also to continuously strive towards conservation of natural resources through efficient technology and behavioural change.

Our facilities are frequently audited by third parties to ensure that we are holding ourselves to the standards we have committed ourselves to. We are also actively engage in inculcating a culture of environmental responsibility amongst our employees, by launching campaigns to conserve energy, save paper, and travel less. We seek to ensure that our employees become environmentally-conscious citizens. Part of the way this is implemented in the company is through the Green Offices initiatives, which seeks to both reduce the environmental footprint of the company as well as inculcate a more climate-conscious culture within the firm. Additional details may be viewed in the **Natural Capital** section of our [Integrated Report 2018](#).

4- **Anti Corruption**

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	
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At Engro, we strive to have impeccable character, and live by the highest standards of integrity, thus inspiring trust from others. Therefore, pursuit of profit is underlined by a pervasive commitment to be ethical in all that we do. As a result, Engro’s work ethos embodies some of the highest standards of corporate governance in Pakistan, which is in line with the commitment to responsible business as exhibited by the world’s leading organizations.

We firmly believe in creating economic value only if it creates value for society, and this continues to define how Engro does business. This means we will not decouple business results from the wellbeing of people, will continuously measure and improve our green footprint and commit to “shared value” with the communities we operate in

Our governance policy begins with a very simple and basic premise: all of Engro’s workings, ranging across all stakeholders, must and do comply with the laws and regulations of Pakistan. However, as with everything that is Engro, we aim to go beyond just mere legal compliance and hold ourselves to an even higher standard.

Engro’s stringent policies ensure that we monitor the action of those connected to the organization in any capacity, thus preventing them having undue advantage of their access to information. At Engro, governance is also about preventing a disadvantage to those who interact with the organization. The company makes it a point to pay suppliers on time, as well as fulfilling all other financial obligations without any delays.

We also continue to encourage use of our *SpeakOut* policy, through which employees can report on violations of the code of corporate governance or ethics and have an active whistleblower



protection policy. This ensures that our employees are cognizant of their duty in reporting any ethics violations, including bribery, extortion, etc.

Furthermore, our governance framework allows for a stringent, frequent, and thorough audit of every department where financial transactions are scrutinized and system compliance audits are conducted. Each department is regularly audited and issued audit reports.

5- **About this Report:**

The primary purpose of [Engro's Integrated Review 2018](#) is to explain how we create value over time to our stakeholders – be they our employees, customers, suppliers, business partners, local communities, regulators, providers of financial capital, and policymakers.

It is important to note that value is not created by or within an organization alone and is, therefore, influenced by the external environment, created through relationships with stakeholders and dependent on various resources. These resources and relationships used and affected by the organization are collectively referred to as per the Integrated Reporting (IR) Framework as the capitals and are broadly categorized as financial, human, social and relationship, natural, manufactured and intellectual capitals. Our report seeks to provide an insight on how Engro creates value over time by interacting with its environment and these capitals over the short-, medium- and long-term. To find out more about the Integrated Reporting Framework please visit www.theiirc.org.

For the purpose of this report, the aspects and disclosures of GRI and IR have been mapped with the material aspects which have been mapped considering our business strategy, internal management reporting and the outcomes of engagement process with our stakeholders through the year. In addition, the report serves as supplementary document to our Annual Report 2018 which provides detailed insight into our financial performance and operations.

Our commitment to maintain the highest levels of transparency and accountability continue to take us to the next level in reporting year on year. This report is a reflection of our beliefs and principles and provides the platform from where we will build our reporting for the future. This report is part of our Communication on Progress and highlights our financial performance and our social endeavors as a responsible corporate citizen.



6- About Engro Corporation Limited

Engro Corporation today is one of Pakistan's largest conglomerates with subsidiaries in diverse sectors. Engro Corporation's portfolio includes fertilizers, dairy, chemical storage & handling, trading, energy and petrochemicals. Fueled by the vision of becoming the premier Pakistani enterprise with a global reach, passionately pursuing value creation for all stakeholders Engro's investments are designed to deploy inclusive business models to pursue an integrated and inclusive growth for all who interact with our businesses.

Engro Corp, as the holding company, is responsible for the long-term vision of the company, overseeing the performance of the subsidiaries and affiliates, allocation of capital, management of talent, leadership development, HR guiding policies, leadership role in public relations and CSR activities, control structures, legal and IT support. Engro's subsidiaries and affiliates include Engro Fertilizers, Engro Foods Limited, Engro Polymer & Chemicals Limited, Engro Energy, Engro Eximp Agri Products Limited, Engro Elengy Terminal Limited, Sindh Engro Coal Mining Company Limited, Engro Vopak Terminal Limited, Engro Powergen Qadirpur, and Engro Powergen Thar. Additionally, Engro Foundation and Thar Foundation serve as platforms for social and community work for Engro's subsidiaries and affiliates.